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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE MARKETING ORDER
JUNE 1964
U.S. DEPT. OF AGRICULTURE
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Volume 8 **RESERVE**

Number 11

Released Pursuant to \$1090.27 (j) and \$1000.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

FINAL DECISION SIGNED

The final decision on changes to the Chattanooga, Tennessee Order (and 75 other Orders), which resulted primarily from a Supreme Court decision and following regional public hearings held in Denver, Colorado, St. Louis, Missouri, and Arlington, Virginia in January 1963, was signed June 19, 1964, by George L. Mehren, Assistant Secretary of Agriculture. The main problem involved was the regulatory treatment of nonpool milk which was received at regulated plants or disposed of in regulated markets and inter-order movements of pool milk. It is hoped that the outline-approach to the proposed regulatory treatment will be of use to you. (See Pages 5 & 6)

MARKET SUMMARY JUNE 1964

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$5.00, Excess Milk \$2.62. The butterfat differential is 7.4 cents for each one-tenth of one percent above or below 3.5%.

During June 84.8% of the total producer milk was priced in Class I at \$5.19 per cwt. with a butterfat differential of 7.5 cents and 15.2% priced in Class II at \$2.66 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 85.1% and 76.8% respectively. Base milk was 91.0% and excess milk was 9.0% of the total producer deliveries. All excess milk and 6.8% of base milk was priced in Class II and 93.2% of base milk was priced in Class I.

The daily average deliveries of producer milk during June decreased 5.1% compared with May and decreased 1.1% compared with June 1963. The daily average use of Class I milk decreased 3.0% compared with May and increased 16.9% compared with June 1963. The daily average base delivered was 90.4% of the established base.

MILK SAMPLES TESTED - Producer Fresh Samples 5,125 - Handler Finished Products 198.

The average reported butterfat tests of handlers' Class I packaged products for June 1963 were: Milk - 3.92%, Special Skim - 2.35%, Regular Skim - 0.42%, Buttermilk - 0.36%, Flavored Milk - 3.52%, Flavored Drink - 1.82%, Half & Half - 12.82%, Coffee Cream - 26.54%, Whip Cream - 36.39%, and Sour Cream - 19.02%.

PERCENTAGE CLASS I BY TYPE OF CONTAINER AND METHOD OF DISTRIBUTION
(May of Each Year)

	1959	1960	1961	1962	1963	1964
Paper	73.3%	73.3%	71.9%	73.8%	78.3%	85.5%
Glass	26.7%	26.7%	28.1%	26.2%	21.7%	14.5%
Wholesale <u>1/</u>	78.0%	78.7%	81.5%	87.0%	88.0%	89.1%
Retail <u>2/</u>	22.0%	21.3%	18.5%	13.0%	12.0%	10.9%

1/ Includes sales to distributors who may have both retail and wholesale routes.

2/ Represents home delivery by packaging plants only.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% June 1964 Over June 1963	June 1964	May 1964	June 1963
Number of Plants (Pool and Non-Pool)		13	13	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Deliveries - Base	- 2.5	482,265	497,039	494,673
- Excess	+ 15.6	47,869	61,505	41,412
- Total	- 1.1	530,134	558,544	536,085
Other Source	+ 5.3	18,281	15,850	17,356
Other Order	+ 6.5	36,060	50,228	33,860
Total Milk Receipts	- 0.5	584,475	624,622	587,301
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 19.1	366,215	382,089	307,443
Fluid Skim	+ 20.4	23,277	23,889	19,327
Buttermilk	+ 0.1	44,895	43,991	44,831
Flavored Milk and Drink	+ 14.5	13,162	11,897	11,494
Fluid Cream (Sweet & Sour)	- 2.3	2,559	2,975	2,618
Bulk to Non-Handlers	+ 81.2	1,390	688	767
Shrinkage Class I		1,563	958	933
Other		(636)	(80)	(373)
Total Class I Milk	+ 16.9	452,425	466,407	387,040
Class II Uses:				
Butter	- 88.3	751	1,713	6,394
Cottage Cheese	+ 36.9	24,449	23,012	17,856
Powdered and Condensed Milk	- 63.0	37,844	56,535	102,338
Ice Cream	- 2.7	55,995	59,787	57,561
Stockfeed	+ 43.1	6,410	5,843	4,479
Shrinkage Class II		10,131	9,768	8,971
Other		(3,530)	1,557	2,662
Total Class II Milk	- 34.1	132,050	158,215	200,261
Total Class I Pounds in Area	+ 10.7	271,745	283,802	245,379
Total Class I Pounds outside Area	+ 27.5	180,680	182,605	141,661
Gross Class I Butterfat Pounds	+ 19.9	15,995	16,607	13,335
Gross Class II Butterfat Pounds	- 34.7	6,213	7,388	9,508
Total Butterfat Pounds	- 2.8	22,208	23,995	22,843
% Producer Milk of Gross Class I		117.2	119.8	138.5
% Producer Milk priced in Class I		84.8	82.8	70.9

JULY 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	July '64	June '64	July '63
Basic Formula	\$3.11	\$3.12	\$3.08
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.30	0.32	0.00
Class I Price, 3.5% Butterfat	\$5.16	\$5.19	\$4.83
<u>Per \$ 1090.51(a)</u>			
Supply-Demand Comparison: 1st and 2nd preceding months: May and June			
Supply: Lbs. Producer Milk (May 17,314,852 and June 15,904,006)			33,218,858
Demand: Lbs. Net Class I Milk (May 14,347,231 and June 13,507,212)			27,854,443
Utilization Percentage: Producer milk divided by Class I			119
Standard Utilization Percentage: Range 134-138			134
Net Deviation Percentage: Utilization minus Standard Utilization			minus 15
Supply-Demand Adjustment: 2 cents x 15 percentage points			plus \$0.30

Since the supply in relation to the demand is less than the desired standard, the price is increased 30 cents per hundredweight (2 cents x 15 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR JUNE 1964
Based on 12 plant reports prior to audit (One plant excluded per § 1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		13,168,847	3.535		
Less Other Source		84,636	2.316		
Producer Milk Class I	84.6	13,084,211	3.542415	\$5.221811	\$683,232.77
Gross Class II		3,894,233	4.703		
Less Other Source		1,519,207	2.755		
Producer Milk Class II	15.4	2,375,026	5.948314	4.300370	102,134.91
TOTAL PROD. (Cl. I + Cl. II)	100.0	15,459,237	3.912037		785,367.68
Add Compensatory Payment and Inventory Reclassification Values					17.29
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,290.51
TOTAL VALUE AT TEST		15,459,237	3.912037		792,675.48
Less Test Over 3.5% @ 7.4¢ per point		15,459,237	.412037	0.304907	47,136.30
TOTAL PRODUCER MILK VALUE AT 3.5%		15,459,237	3.5		745,539.18
		Pounds	Price 3.5%	Amount	
Excess Producer Milk - Class I		-	-	-	
Excess Producer Milk - Class II		1,436,067	\$2.66	\$38,199.38	
Total Excess Producer Milk		1,436,067	2.66	38,199.38	
Less Prod.-Settlement Fund Res. @ 4¢		1,436,067	.04		574.42
UNIFORM EXCESS PRICE f.o.b. PLANT - 3.5%		1,436,067	2.62		37,624.96
Value of Base Milk (Total less Excess)		14,023,170	5.044079		707,339.80
Less Producer-Settlement Fund Reserve		14,023,170	.044079		6,181.27
UNIFORM BASE PRICE f.o.b. PLANT - 3.5%		14,023,170	\$5.00		\$701,158.53

JUNE 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$4.63	\$2.25	4.0	\$5.37	\$2.99	5.0	\$6.11	\$3.73
3.05	4.667	2.287	4.05	5.407	3.027	5.05	6.147	3.767
3.1	4.704	2.324	4.1	5.444	3.064	5.1	6.184	3.804
3.15	4.741	2.361	4.15	5.481	3.101	5.15	6.221	3.841
3.2	4.778	2.398	4.2	5.518	3.138	5.2	6.258	3.878
3.25	4.815	2.435	4.25	5.555	3.175	5.25	6.295	3.915
3.3	4.852	2.472	4.3	5.592	3.212	5.3	6.332	3.952
3.35	4.889	2.509	4.35	5.629	3.249	5.35	6.369	3.989
3.4	4.926	2.546	4.4	5.666	3.286	5.4	6.406	4.026
3.45	4.963	2.583	4.45	5.703	3.323	5.45	6.443	4.063
3.5	5.00	2.62	4.5	5.74	3.36	5.5	6.48	4.10
3.55	5.037	2.657	4.55	5.777	3.397	5.55	6.517	4.137
3.6	5.074	2.694	4.6	5.814	3.434	5.6	6.554	4.174
3.65	5.111	2.731	4.65	5.851	3.471	5.65	6.591	4.211
3.7	5.148	2.768	4.7	5.888	3.508	5.7	6.628	4.248
3.75	5.185	2.805	4.75	5.925	3.545	5.75	6.665	4.285
3.8	5.222	2.842	4.8	5.962	3.582	5.8	6.702	4.322
3.85	5.259	2.879	4.85	5.999	3.619	5.85	6.739	4.359
3.9	5.296	2.916	4.9	6.036	3.656	5.9	6.776	4.396
3.95	5.333	2.953	4.95	6.073	3.693	5.95	6.813	4.433

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
June '63	\$4.17 ^{2/}	\$4.29	\$2.62	7.2¢	\$4.82	7.5¢	\$2.66	6.7¢
July	4.23 ^{2/}	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	4.30	-	-	7.4	4.61	7.5	3.20	6.9
Oct.	4.42	-	-	7.6	4.63	7.8	3.15	6.7
Nov.	4.69	-	-	7.4	4.88	7.6	3.13	6.7
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan. '64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	4.77 ^{2/}	4.92	2.71	7.4	5.07	7.5	2.75	6.7
Apr.	4.72 ^{2/}	4.97	2.65	7.4	5.08	7.5	2.69	6.7
May	4.63 ^{2/}	4.89	2.62	7.2	5.07	7.5	2.66	6.7
June	4.78 ^{2/}	5.00	2.62	7.4	5.19	7.5	2.66	6.7
July	-	-	-	-	5.16	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk \$-cwt-3.5%
	4 Tenn.	Butter	4 Tenn. Milk Mfg.	Chi.92° Butter	Chi.Area Powders	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	
June '63	2.66	3.12	3.000	57.97	14.04	3.08
July	2.66	3.12	3.000	57.97	14.03	3.09
Aug.	2.66	3.12	3.000	57.97	14.07	3.10
Sept.	2.66	3.20	3.000	59.70	14.18	3.12
Oct.	2.73	3.15	3.070	58.48	14.18	3.15
Nov.	2.80	3.13	3.138	58.09	14.26	3.16
Dec.	2.82	3.12	3.150	58.01	14.28	3.16
Jan. '64	2.82	3.12	3.150	57.97	14.30	3.17
Feb.	2.82	3.12	3.150	57.97	14.24	3.16
Mar.	2.75	3.12	3.081	57.97	14.25	3.15
Apr.	2.69	3.12	3.025	57.97	14.19	3.12
May	2.66	3.12	3.000	57.97	14.22	3.12
June	2.66	3.12	3.000	57.97	14.24	3.11

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----		Pounds	
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
June '63	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00
Sept.	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02
Oct.	14	557,444	477,892	471,754	531,484	-	689	771	-	-	4.20
Nov.	14	541,145	477,597	472,618	517,129	-	684	756	-	-	4.29
Dec.	14	554,904	443,411	438,851	519,303	-	683	760	-	-	4.42
Jan. '64	13	568,225	490,701	485,963	532,319	-	683	779	-	-	4.33
Feb.	13	575,791	497,065	491,080	533,574	-	683	781	-	-	4.24
Mar.	13	577,959	477,022	472,706	533,122	498,640	678	786	735	51	4.15
Apr.	13	611,855	486,373	482,479	556,140	499,659	658	845	759	86	4.04
May	13	624,622	466,407	462,735	558,544	497,039	654	854	760	94	3.95
June	13	584,475	452,425	449,604	530,134	482,265	655	809	736	73	3.91

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I

PROPOSED REGULATORY TREATMENT OF NONPOOL MILK WHICH IS
RECEIVED AT REGULATED PLANTS OR DISPOSED OF IN REGULATED MARKETS

- A. SOURCE OF MILK: Unregulated plants with respect to milk distributed on routes in the marketing area.

Proposed Regulatory Treatment: (Market pool orders only).

1. Nonpool handler may:

- (a) Pay dairy farmers for milk received from them according to its classified use value (may be paid entirely to his own dairy farmers or in part to them and in part to a market pool);
 - *(b) Offset in-area route sales with purchases of Class I milk from a Federal Order; or
 - (c) Pay a Class I price minus blend price payment on in-area route sales; or
 - (d) Any combination of (b) and (c).
2. Administrative assessment is paid on in-area sales less Class I purchases of regulated milk.

- B. SOURCE OF MILK: Unregulated plants (milk shipped to regulated plants).

Proposed Regulatory Treatment:

- 1. Milk (packaged or in bulk) received at a regulated plant is allocated a pro rata share of the Class I utilization of the receiving handler, (after allocation of packaged milk from other orders and unpriced receipts to be down-allocated) but such milk would be allocated to Class II under the following conditions:
 - (a) If a Class II classification is requested by the regulated handler;
 - (b) To the extent such receipts when combined with receipts from producers, from other pool handlers, and from other order plants in bulk are more than 125 percent of the regulated handler's Class I utilization during the month.
- 2. A Class I minus blend payment would apply on portion allocated to Class I (market pool orders only).
- 3. Handler would pay administrative assessment on portion allocated to Class I.

- C. SOURCE OF MILK: Producer-handlers, reprocessed nonfluid products and non-Grade A milk.

Proposed Regulatory Treatment: Milk received at a regulated plant is down-allocated with a Class I price minus surplus class price payment on any milk allocated to Class I. Administrative assessment is charged on portion allocated to Class I.

* Change from recommended decision.

- D. SOURCE OF MILK: Plants regulated under other orders. (No distinction as to type of pool).*

Proposed Regulatory Treatment:

1. On route disposition, no further regulation.
2. Milk received at a regulated plant from an other order plant:
 - (a) If in bulk and surplus classification is agreed to by the operators of both the transferring and receiving plants, will so far as possible be allocated to the surplus class;
 - *(b) If in bulk without surplus classification agreement, a percentage equal to the higher of the market average surplus utilization (estimated in advance) or the receiving handler's surplus utilization (after application of unregulated milk), is allocated to surplus class to the extent of surplus utilization of receiving handler, and then to Class I. Remainder of receipts is assigned to Class I. No monetary charges are involved;
 - (c) If in packages, assignment is 98 percent to Class I milk and 2 percent to surplus class;
 - (d) Classification in order or origin is in classes to which assigned in receiving handler's utilization.

In addition to those relating to changes in regulatory treatment the following changes in order provisions are made:

1. Market administrator in market pool receiving markets to estimate and announce market average utilization as basis for assignment of other order bulk milk; also to pass information as to assignment of interorder receipts to administrator of shipping market. Administrator of shipping market to report such assignment to shipping handler.

2. Operators of partially regulated distributing plants to report in-area route sales. The options of such operators are clarified.

3. Transfer provisions on interorder movements are clarified. Both transfer and allocation of such milk restricted to "net amount" in case of cross movement between plants. Temporary Class I, subject to adjustment, is provided if information as to assignment in receiving market is not available.

4. Shrinkage limits on unregulated supply plant and other order bulk milk are restated in terms of not being designated for surplus uses in order to avoid "circularity" with allocation provisions. "Other source" milk used in proration of shrinkage is restated in same terms as now in each order, with exclusion of that for which limits are stated.

* Change from recommended decision